

June 7, 2004

**Applications for Personal Lines Coverage
By Returning Members of the Armed Services**

This Bulletin is directed to all insurers writing automobile and homeowners' insurance in the State of Indiana.

Indiana Code § 27-1-22-26 is designed to protect individuals who are currently serving or have served in the armed forces during the six (6) months preceding an application for automobile insurance. This section of the insurance code prohibits insurers from setting the premium rate for a policy of motor vehicle insurance at an amount higher than the applicable rate set forth in the rating plan due to the fact that the individual has not been covered by motor vehicle insurance for a period of time. A violation of this section is an unfair and deceptive act or practice in the business of insurance under Indiana Code § 27-4-1-4.

Some members of the armed services have discontinued automobile insurance coverage in Indiana while on active duty overseas. This bulletin is to remind insurers of the requirement set forth in the statute and to caution insurers against penalizing returning members of the armed services for an interruption in coverage due to their military service.

If a returning service member who was a policyholder in good standing has had an interruption in automobile insurance coverage due to active military service, insurers should reinstate those policies as if there had been continuous coverage during the period of military service. Likewise, if the returning service member wishes to purchase a policy with a new insurer, the new insurer should treat the applying service member as if there had been continuous coverage during – and six (6) months following – a period of active military service.

The Department would like to see homeowners' insurers extend the same courtesies to their policyholders who are members of the armed services.

INDIANA DEPARTMENT OF INSURANCE


Sally McCarty, Commissioner